



## Business Heats Up At Milan With Production of Infrared Flares

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A C-17 Globemaster III from the 14th Airlift Squadron, Charleston Air Force Base, S.C., releases flares over the Atlantic Ocean near Charleston, S.C., during a training mission.  
(U.S. Air Force photo/Tech. Sgt. Russell E. Cooley IV)





# Business Heats Up at Milan, TN with Production of Infrared Flares

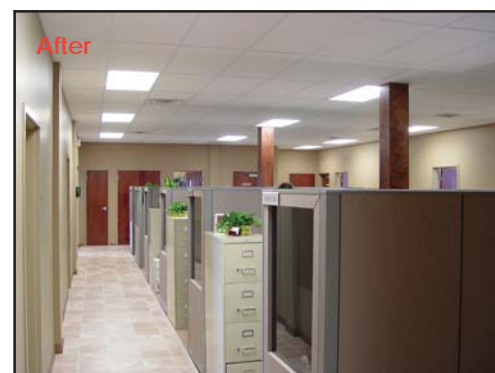
Activity is once again “flaring” up at FR Countermeasures, Inc. (FRC) located at the Milan Army Ammunition Plant (MLAAP) – but this time it’s with a United States based company. FRC, a United Kingdom based manufacturer of flares, was purchased by Esterline Defense Group, headquartered in Bellevue, Washington. The sale marks a turning point for the Milan production facility, rented through the Armament Retooling and Manufacturing Support (ARMS) program in 2002.

The facility underwent a nearly \$25 million modernization/renovation and was rented under a Facilities Use Agreement between American Ordnance, operating contractor for the MLAAP, and FRC, beginning operation in 2003. Consisting of approximately 25 acres, the operation included a manufacturing

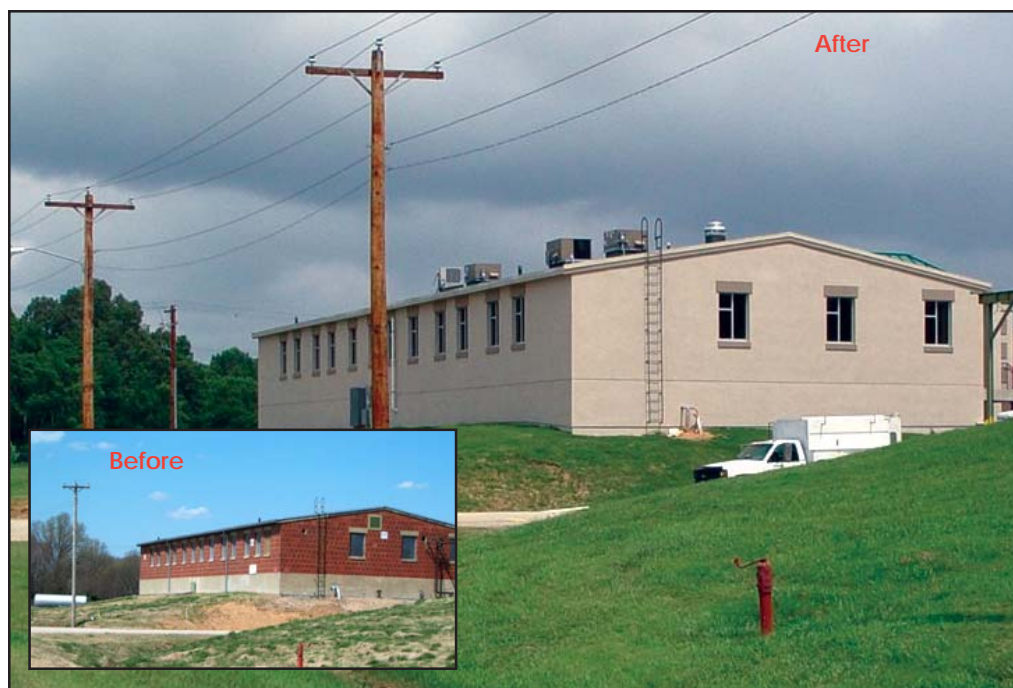
line, offices, and a cafeteria. An additional 25-acre parcel, containing yet another manufacturing line, was also included in the Facilities Use Agreement with American Ordnance, but has yet to be used to its full potential. Esterline has plans to change all that.

“The intention is to utilize the additional line in the future,” says Meegan DeFosse, formerly with FRC and now a Program Manager at Esterline. “The acquisition by Esterline Defense is a positive step for this establishment. The ARMS program continues to provide us with an opportunity to maintain production at this facility – and that’s a real success story.”

Operating as Esterline Defense Group, Tennessee Operations, FRC is looking forward to utilizing the state of the art facilities engineered



Esterline’s now modern offices at MLAAP were once used as change houses.



and constructed by FRC for the production of flares attached to aircraft. The infrared (IR) decoy flares are dispensed from an aircraft to provide protection from heat-seeking missiles. Once triggered, the flare lights the sky and produces heat that diverts oncoming enemy heat-seeking missiles away from the plane. Made from highly flammable materials, the flare making process can be a volatile and dangerous operation. The state-of-the-art facility in place at the MLAAP limits employee exposure during the process, providing an increase in safety for all involved. The technologically advanced line was one of the reasons that Esterline was interested in the facilities at MLAAP.

Dramatic upgrades were made to 1940’s era buildings to accommodate the offices and production capability now operated by Esterline DefenseGroup.

*Continued on Page 5*

# P3 at Work: Water on Tap for Montgomery County, VA

**N**estled in the Blue Ridge Mountains, Montgomery County is home to Virginia's largest nationally ranked university – Virginia Tech and has a population of over 85,000 people. The most populous towns are Blacksburg and Christiansburg.

The other main staple of Montgomery County is the Radford AAP. Alliant Techsystems, Inc. at the AAP is the largest employer in the county with an estimated 1,000 to 1,499 employees. As a key partner in the continued growth and success of the county, it was only natural that Alliant Techsystems took an active role in partnering with local officials to solve a growing water dilemma.

The county has an ample water source, the New River which is the largest river in southwestern Virginia. Draining an area of 2,748 square miles, the river provides the county with an average daily flow of 3.2 billion gallons. Current water usage averages only 7 million gallons per day for those who are hooked into the public water system. However, in the mid 1990's Montgomery County, Virginia Public Service Authority (PSA) officials needed to find an additional source of drinking water to outlying portions of the county such as Price's Fork, that were served only by antiquated wells.

Montgomery County PSA officials and Alliant personnel met to evaluate the possibilities and determine requirements for making an agreement. Numerous requirements existed; such as needs of the county vs. capacity of RFAAP drinking water

facilities, hydraulic load sustaining capabilities of the RFAAP piping system, backup capabilities for the RFAAP system, funding sources for over a mile of pipeline, a new pump station on RFAAP property, a new 500,000 gallon storage tank on Price's Mountain near Price's Fork, engineering design, and environmental impacts and assessments for the addition of all of the facilities.

Alliant, under authority provided through the ARMS Program, developed an agreement with the Montgomery County PSA, to provide up to 260,000 gals./day to the county on a non interference basis with Government needs. Further, with the commitment by Alliant, Montgomery County negotiated a backup supply agreement with the town of Blacksburg, VA, and with that in place was able to secure grant and loan funding from the USDA for rural water supply, to enable building a new pump station on RFAAP Property, as well as the distribution pipelines in the county necessary to get water to their customers.

In parallel with the county efforts, Alliant secured Immediate Use Funding from the ARMS Program to establish utilities and communication lines and facilities from the plant to the new pump station, providing electricity and on line telemetry from the pumping operation.

All in all, The Montgomery County Public Service Authority (PSA) operates ten individual public water systems in the unincorporated areas of the county. Combined, these systems consist of over 70 miles of water mains, four wells, 16 water tanks, 21

pumps, 25 pressure reducing valves, four connections to the Town of Blacksburg, three connections to the Town of Christiansburg, two connections to the City of Radford, and one connection to the RFAAP. Approximately 25 million gallons of water are distributed by the PSA monthly.

The partnership that started in 1996 between Alliant Techsystems, the U.S. Army, local officials and the community helped kick into gear a continued campaign of providing safe, clean water and higher pressure fire water to problem areas of the county. As recently as last spring, U.S. Representative Rick Boucher announced that federal funding of over \$1 million will be used by the Montgomery County Public Service Authority to replace the water lines along Old Town Road in Shawsville and install new fire hydrants.

So raise a glass and toast another successful example of P3 in action - lower water production costs for RFAAP and the provision of clean, safe drinking water and higher water pressure to combat fires. That's something we can all drink to.



RFAAP provides up to 260,000 gallons a day to Montgomery County, VA.

## Case Study



■ Government  
Montgomery County  
Public Service Authority  
is just one example of a  
government application  
of P3.



## New Flash Introduction for openterprise.com Promotes P3

The Operation Enterprise collaborative marketing website (www.openterprise.com) has gotten a "make-over" with a new Flash introduction that highlights P3 - Public-Private Partnerships to potential tenants and clients.

Scenes from the new Flash introduction to  
www.openterprise.com

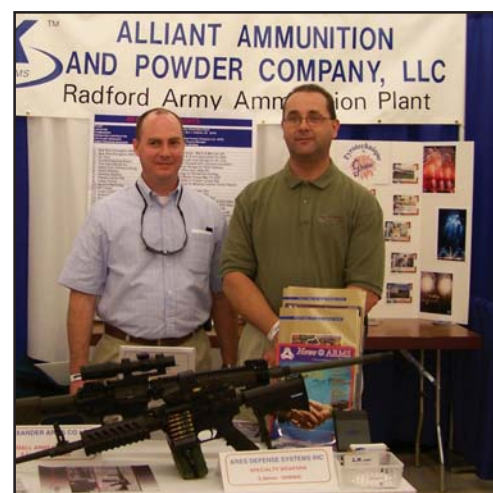


## Pulaski Co. VA Industrial Trade Show a Success

Alliant Ammunition and Powder Company staffed an ARMS Marketing booth at the 2006, Pulaski County Chamber of Commerce Industrial Trade Show Expo, held in Fairlawn, VA on April 20 & 21, 2006. The show included nearly 100 exhibitors.

ARMS marketing materials were featured and distributed. The booth also focused on tenant products manufactured at RFAAP under Facility Use Agreements with the tenants.

Tenant products highlighted were Pyrotechnique by Grucci, Alexander Arms Inc., Ares Defense Systems, Belmont Machining and New River Energetics which produces commercial powders and medium caliber ammunition rounds.



Geoffrey Herring, Ares Defense Systems owner, displaying his 5.56 mm belt fed SHRIKE automatic weapon, which boasts 50 % of the weight of current in-service Army machine guns, and Bill Alexander, owner Alexander Arms Inc. displaying his new 6.5mm Grendel rifle, a hot new seller.

## Alliant RFAAP Lands New Tenant

Salem Tools Inc., of Salem, Virginia became the newest RFAAP ARMS tenant occupying Building 3739, which was modified for their use under an Immediate Use Funds project (IUF).

The IUF project provided the following improvements to the building:

- Steam line changes
- Tractor trailer access
- T-1 line high speed computer line access
- Multiple line telephone service
- Storage room
- Loading dock modifications for operating supplies procurement/distribution

The building, a 1941 line office structure was previously upgraded internally under a 1990's production program. Following new ARMS

modifications, the building now features state of the art communications links for Salem's equipment, and a high speed order and inventory system.

Salem Tools will staff 4-5 new sustainable jobs as a result of the project, and provide direct sales, procurement and delivery services to Alliant and all other plant tenants for operating and maintenance supplies and special order items. Salem is a long established and respected business, now

specializing in on-site operating supplies distribution. They have other ongoing contracts with Volvo Heavy Trucks and Raytheon businesses in the Radford, VA vicinity.



Salem Tools Inc. is the newest tenant of RFAAP - occupying 2,750 square feet in a newly modified building using IUF.

## A Closer Look at Esterline Technologies

Founded in 1967, Esterline Technologies is a specialized manufacturing company serving principally aerospace and defense markets. Headquartered in Bellevue, WA, Esterline employs nearly 8,000 people worldwide, including 700 engineers. In 2005, Esterline posted a record performance - income from continuing operations was \$51.0 million on sales of \$835.4 million which represented a 16 percent sales growth. Approximately 80% of total revenues are generated from aerospace/defense markets. The remaining 20% is from the application of these technologies into industrial markets. Esterline management views the company's businesses in three segments related to its set of core competencies: Avionics & Controls, Sensors & Systems, and Advanced Materials.

Operations within the Avionics & Controls segment focus on technology interface systems for commercial and military aircraft and similar devices for land- and sea-based military vehicles, secure communications systems, specialized medical equipment, and other high-end industrial applications. The Sensors & Systems segment includes operations that produce high-precision temperature and pressure sensors, fluid and motion control components, and other related systems principally for aerospace and defense customers. Advanced Materials focuses on process related technologies including high-performance elastomer products used for a wide range of military and commercial aerospace purposes and combustible ordnance and electronic warfare countermeasure products.

Esterline's business focus is to help customers achieve greater productivity, higher precision, and better overall performance. More simply put: Esterline helps its customers compete with maximum effectiveness.

Esterline operates manufacturing facilities in eleven U.S. states, Europe, and the U.K. ranging in size from 40,000 to 500,000 square feet.

**Esterline**



FRC, a United Kingdom based manufacturer of flares, was purchased by Esterline Defense Group, headquartered in Bellevue, Washington. The sale marks a turning point for the Milan production facility, rented through the Armament Retooling and Manufacturing Support (ARMS) program in 2002.

## Milan Cont.

In addition to new infrastructure designed specifically for their business lines, the manufacturing line also includes a \$1.3 million EPA approved pollution control system and a surveillance camera system that monitors every phase of production. The cameras work in tandem with a sophisticated computer system that mixes chemicals, pours, molds, and packages products with very little physical human exposure. The compact system represents the finest procedural knowledge and machinery that is available to date for this type of operation.

"The Esterline facility at MLAAP is really a one-of-a-kind operation in terms of the technology that they have engineered and put into place," says Kathy Winn, Director of Commercial Development at MLAAP. "They are a true asset not only to the Army Ammunition Plant, but also to the surrounding community. We (at American Ordnance) are optimistic that with the support of a company like Esterline, that they can now realize the facilities full production potential – adding a significant amount of jobs to the area."

Esterline hopes to add 30 to 40 new jobs in the near future, building up to possibly another 60 positions in the next few years – all in addition to the 60 employees currently working at the plant.





# From Philadelphia to Louisville - Promoting Public-Private Partnerships on a Global Scale

The buzz this year is around the term P3 - public-private partnerships. This theme has been carried through on many of the ARMS program marketing materials - including a newly updated trade show booth. Many potential tenants and clients visited the ARMS booth at the 2006 Spring CoreNet Global Summit in Philadelphia as well as the 2006 National Small Business Technology Expo (SBTE) in Louisville; held in conjunction with the National Small Business Innovation Research and National Small Business Technology Transfer (SBIR/STTR) Conference.

"It's important that ARMS has a presence at some of the larger shows - particularly shows like the CoreNet Global Summit," said Jim Burgin, Pendulum Management Company. "CoreNet Global is the world's premier association for corporate real estate and related professionals. It is the only group that convenes the entire industry. We have gotten really positive feedback from the shows."

CoreNet Global members manage US \$1.2 trillion in worldwide corporate assets consisting of owned and leased office, industrial and other space. With 7,500 members representing large corporations around the world, CoreNet Global is headquartered in Atlanta, GA and operates in five global regions: Asia, Australia, Europe, Latin America and North America, including Canada.

"Our summits allow top business leaders and leading service providers, real estate end users and economic development executives to network and exchange ideas," said Anne Hardy, Client Relations Manager, CoreNet Global. "The most recent CoreNet Global Summit in Philadelphia also

included a world-class expo showcasing the latest innovations in corporate real estate and workplace strategies. We had an attendance of over 1,900 and 137

exhibitors and sponsors."

ARMS was also present at the National SBIR/STTR Conference through exhibiting at the SBTE this past May in Louisville.

The SBTE was a focused expo just for attendees at the

National Conference. The SBTE provided small companies/exhibitors the opportunity to showcase their innovations to an audience looking for partnerships... perfect for those interested in public-private partnerships.



SBIR/STTR through the U.S. government awards more than \$2 billion each year to spur technological innovation and bring new products and services to the marketplace.

For more information  
[www.sbirworld.com](http://www.sbirworld.com)



Jim Burgin staffs the ARMS booth and talks to an interested party at the 2006 Small Business Technology Expo in Louisville, KY.